

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6405

BILL NUMBER: HB 1195

NOTE PREPARED: Dec 15, 2005

BILL AMENDED:

SUBJECT: Sales Tax Holiday.

FIRST AUTHOR: Rep. Ulmer

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: X GENERAL
X DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides a Sales Tax exemption for school supplies, school art supplies, school computer supplies, computers, articles of clothing, and certain household items that are purchased during the four-day period beginning on the first Thursday in August.

Effective Date: July 1, 2006.

Explanation of State Expenditures:

Explanation of State Revenues: This bill will cause a decrease in Sales Tax collections of approximately \$19.4 M in FY 2007 and \$20.4 M in FY 2008.

The bill provides a Sales Tax exemption for back-to-school purchases during the four-day period beginning the first Thursday in August at 12:01 A.M. and ending the following Sunday at 11:59 P.M.

The first table below shows the revenue lost from each category of purchases that are exempted in the bill. The second table shows the impact on the funds included in the Sales Tax distribution.

Item Exempted	FY 2007 (in millions)	FY 2008 (in millions)
Back-to-School Clothing	\$3.2	\$3.3
K-12 School Supplies	\$2.6	\$2.7
College Textbooks	\$6.0	\$6.6
College School Supplies	\$1.8	\$1.9
Computers	\$5.8	\$5.9
TOTAL	\$19.4	\$20.4

Fund	FY 2007 (in millions)	FY 2008 (in millions)
General Fund	\$9.5	\$10.0
Property Tax Replacement Fund	\$9.7	\$10.2
Public Mass Transportation Fund	\$0.123	\$0.130
Industrial Rail Service Fund	\$0.006	\$0.007
Commuter Rail Service Fund	\$0.027	\$0.029
TOTAL	\$19.4	\$20.4

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources:

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